

Understanding Real Estate Transfer Taxes in Lake County

The Illinois Real Estate Transfer Tax Law imposes a tax on the privilege of transferring a title to real estate or a beneficial interest in real property located within Illinois.

By state statute, the Recorder of Deeds is required to collect the tax at the time of recording. Deeds and documents relating to the transfer of Beneficial Interest must be accompanied by a PTAX-203 or an exemption.

The Recorder of Deeds only collects transfer taxes for the state and county. Depending on the location of your property, your transaction may also be subject to a local municipal tax. If so, visit your local village or city hall prior to recording your deed to meet your requirements.

If there is anything that our staff can do to help make this process easier to understand, please let us know.

A stylized signature of Mary Ellen Vanderwenter, featuring a large, decorative initial 'M' that incorporates a feather-like flourish.

Mary Ellen
Vanderwenter

Lake County RECORDER OF DEEDS

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Who pays the Real Estate Transfer Tax?

It is collected at the time of recording and may be paid by the buyer or the seller. Check your sales contract.

How much is the transfer tax rate?

The rate for the State of Illinois is 50 cents per \$500.

Lake County's rate is 25 cents per \$500.

Let's use the example of a transfer/sale with a consideration amount of \$100,000. The **state** transfer tax would be \$100 and the **county** transfer tax would be \$50. The total tax would be \$150.

Could my deed be exempt from a transfer tax?

If the transfer is not a sale, it is exempt under paragraph "e".

No transfer declaration is required. If exempt, the law requires that an exemption statement is signed & dated on the deed.

See the PTAX-203 instructions for a list of exemptions.

Are Sheriff's Deeds exempt under section B?

No, according to the Illinois Department of Revenue, a sheriff's deed does not qualify for the governmental exemption under 35 ILCS 200/31-45(b) unless the underlying transfer relates to property or interests acquired by or from any governmental body, or property or interests transferred between governmental bodies. (Illinois Administrative Code Title 86 Revenue Chapter 1, Part 120 Section 120.20)

Are Sheriff's Deeds exempt under section L?

No, the transaction is not exempt if the deed was issued as a result of being the successful bidder at the foreclosure sale.

Section L only applies to transfers back to the mortgage holder.

What is the exemption statement?

The dated & signed statement should be printed as:

Exempt under 35 ILCS 200/31-45 paragraph ____

Real Estate Transfer Act

The most common exemption is paragraph "E", deeds where the consideration is \$100 or less. Deeds or transfer exemptions noted as B, K, or M are exempt from paying the tax but are still required to file the PTAX-203 form.

Who should sign the exemption statement?

It may be signed by the buyer, seller or representative.

My deed is a sale, what forms do I need?

The Transfer Tax Law requires the Illinois Real Estate Transfer Declaration PTAX-203 form be completed. The most current form is dated 10/10.

Where can I get a PTAX-203 form?

Online forms are available through the Recorder of Deeds website or the Illinois Department of Revenue website. Paper forms are available at the Recorder of Deeds Office.

What is the purpose of the PTAX-203?

In addition to calculating the amount of tax due, the information is used by the Illinois Department of Revenue, County and local assessors to determine uniform valuations based on the fair market values of properties.

Does the PTAX-203 get recorded?

No. As evidence of payment of the transfer tax, a tax stamp is affixed to the deed. Only the stamped deed is recorded. The PTAX-203 is forwarded to the Chief County Assessment Office for review by the Illinois Department of Revenue & your local assessor.

Is the PTAX-203 the only form I need?

Usually it is. Sales that include personal property may also require an itemized list of the personal property.

The **PTAX-203-A** is required for transfers that have consideration of over \$1 million and are described as commercial, industrial, office, retail or apartment buildings of 6 units or more.

The **PTAX-203-B** is required when the transfer document being used is something other than a deed. An example would be an Assignment of Beneficial Interest for a trust.

The **PTAX-NR** form is used when there is no recording necessary, but a transfer has required the payment of transfer taxes.

Does my Village/City have a transfer tax?

The following communities have passed ordinances to collect transfer taxes prior to recording any deeds or transfers. You must contact them directly prior to submitting your deed for recording. All properties located in or with a mailing address of **Buffalo Grove, Highland Park, Lake Forest, Lincolnshire, Mettawa and North Chicago** are required to have a stamp, or letter of exemption from the municipality.

Unique Situations:

- If a transfer affects real estate located in more than one county, a separate transfer declaration shall be prepared and submitted in each county. The consideration amount is to be prorated for each county so that the total is 100% of the full consideration.
- Lake County issues a single stamp for state & county taxes. Collections for both must be made even if the state taxes have been paid to another county in error. The option to only collect the county tax is not available in Lake County.
- If multiple deeds are used to transfer real estate, a transfer declaration shall be prepared for each deed reflecting the interest being transferred by each.
- A lessee's interest in a ground lease could be subject to a Real Estate Transfer Tax. The tax is due if the term of the lease is 30 years or more (including all options to extend) and the assignment or assumption is for the lessee's (tenant's) interest in the lease.

References: Illinois Real Estate Transfer Act 35 ILCS 200/31

Illinois Department of Revenue Administrative Code:

Title 86 Section 120

Lake County Transfer Tax Ordinance May 29, 1979 # 1996746

Amended January 14, 1986; Resolution passed June 14, 2005

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